The Policy Studies Journal, Vol. 31, No. 2, 2003

Economic Policy and Decision Making at the Intersection of Domestic and International Politics: The Advocacy Coalition Framework and the National Economic Council

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This article advances a theoretical model of the National Economic Council (NEC) based on a policy network approach and group decision-making theory to explain why the U.S. president's NEC represents a significant development in the rise of the intermestic policymaking and decision-making processes. It develops theoretical conceptions of interests and manipulation based on a Policy Network Approach and the Advocacy Coalition Framework in policy studies research to illustrate the complexity of NEC group dynamics. Hopefully, such a contribution can further existing theoretical frameworks in the field of policy studies and analysis and can add to assessments of the NEC in policymaking and decision-making. Unlike much of the prevailing research, this article perceives the NEC as a political instrument used by policymakers and decision makers to protect their policy interests and engage in forms of political manipulation to increase their power over economic policy.

Research demonstrates that the roles of the U.S. president's National Economic Council (NEC) and the policymaking process through which both international and domestic economic factors must pass continues to be underplayed by policy scholars. This article will examine the functions and responsibilities of the NEC in the management and coordination of economic policy under Presidents Bill Clinton and George W. Bush. Along the way, the study hopes to provide tentative answers to the following question regarding the formulation of economic policy in an increasingly intermestic policymaking process: To what extent have economic policy issues played a consequential role in intermestic policymaking, and how have NEC decision makers influenced them?

The overall goal of this article is to develop a theoretical conception of the NEC based on a policy network approach and group decision-making theory to

0162-895X

Published by Blackwell Publishing. Inc., 350 Main Street, Malden, MA 02148, USA, and 108 Cowley Road, Oxford, OX4 IJF, UK.

explain why economic policy in the U.S. executive policymaking process must not be thought of as domestic or international but as intermestic (Bullion, 1995; Manning, 1977). On a more specific level, this study applies the advocacy coalition framework (Sabatier & Jenkins-Smith, 1993; Sabatier 1999) in public policy studies to advance a two-part conception of interests and manipulation to explain NEC policymaking. Hopefully, such a contribution can further existing theoretical frameworks in the field of policy studies and analysis and can add to assessments of NEC decision making.

The study is organized into three major sections. The first section examines the NEC's formal structures and then analyzes the prevailing NEC literature. The second part details the policy network approach and group decision-making theory. Based on these theoretical conceptions, the third component puts forth the working thesis of the theoretical model, which holds that the advocacy coalition framework can be used to explain varying patterns of coalition interests and political manipulation by NEC policymakers to wield power over economic policy in the intermestic process.

The National Economic Council

In the following section, an overview of the organizational structures of the NEC and an analysis of the prevailing literature on its economic policy functions are advanced.

Organization of the National Economic Council

The creation of the National Economic Council in 1993 was both an organizational response to the rise in importance of economic policy following the end of the Cold War and a political reflection of the merging of international and domestic economic issues into an intermestic policy process. Despite previous presidential arrangements, which failed to institutionalize or even survive presidential transitions, Clinton was determined to try again. As Isabel Sawhill of the Urban Institute put it, "You cannot run a campaign whose slogan is 'It's the economy, stupid!' and then not have a focal point in the White House for keeping track of what's happening to the economy and coordinating policy" (quoted in Belton, 1993, p. 6). What Clinton hoped to do was to create a mechanism that worked in the economy in much the same way as the National Security Council-operated in security policy.

With the NEC, President Clinton's goal was to create a coordinating body because of the large number of bureaucracies involved in both foreign and domestic politics. One of the more difficult tasks facing the NEC was managing the array of agencies located in the Executive Office of the President, which have offices in both the White House and the Old Executive Office Building (see

Table 1. Government Agencies and Departments (Non-EOP) With Bureaus in Foreign and Domestic Policy

Department of Agriculture	Office of Energy Policy
	Global Change Program Office
	World Agricultural Outlook Board
Department of Commerce	Bureau of Economic Analysis
	Economic Development Administration
	International Trade Commission
	Technology Administration
Department of Energy	Energy Advisory Board
	Office of Nuclear Energy Technology
	Policy and International Affairs Office
Department of Justice	Drug Enforcement Administration
	Environment and Natural Resources
	Federal Bureau of Investigation
	Foreign Claims Settlement Commission
	Immigration and Naturalization Service
Department of State	Economic and Business Affairs
	Educational and Cultural Affairs
	International Narcotics and Enforcement
	Population, Refugees, and Migration
	Trafficking in Persons
	Western Hemisphere Affairs
Department of the Treasury	Bureau of the Public Debt
	Financial Management Service
	Internal Revenue Service
	Bureau of the U.S. Customs Service
	Office of Economic Policy
	Office of International Affairs
U.S. Export-Import Bank	
Federal Reserve System	
Overseas Private Investment Corporation	
Trade and Development Agency	
Environmental Protection Agency	
Agency for International Development	

Source: Adapted from U.S. Government Manual, 2001/02.

Tables 1 and 2). Modeled after the National Security Council, the NEC is headed by a national economic adviser, who supervises a small staff. The council's primary function is to serve as an "honest broker" in coordinating the formulation and implementation of economic policies; to manage the bureaucracy that has developed in both domestic and international economics; and to merge economic issues into coherent policies that are consistent with the White House policy objectives (Destler, 1996; Juster & Lazarus, 1997; Wildavsky, 1996).

The formal organizational components of Clinton's NEC are set forth in Executive Order 12835 and Presidential Decision Directive/NEC-2. Executive Order 12835 charged the NEC with four duties:

Table 2. Economic Policy Units in the Executive Office of the President

Unit	First Year Established	Method of Establishment
Council of Economic Advisers	1946	Federal Statute
National Security Council	1947	Federal Statute
Office of the United States Trade Representative[A]	1963	Executive Order
Council on Environmental Quality	1969	Federal Statute
Domestic Policy Council[B]	1970	Executive Order
Office of Management and Budget[C]	1970	Federal Statute
Office of Policy Development	1970	Federal Statute
Office of Science and Technology Policy	1976	Federal Statute
National Economic Council	1993	Executive Order

Source: Adapted from the *Federal Staff Directory*, 2000.

A Prior to 1980, the Office of the USTR was called the Office of the Special Trade Representative. The name was officially changed with President Carter's issuance of Executive Order 12188. The trade representative and his or her deputies were also elevated to bassadorial status and to confirmation by the Senate.

B The name of the Domestic Council has changed a number of times since its initiation in 1970.

C The Bureau of the Budget, which was housed in the Treasury Department until 1970, was the forerunner to the Office of Management and Budget.

> to coordinate the economic policy-making process with respect to domestic and international economic issues; to provide economic policy advice to the President; to ensure that economic policy decisions and programs are consistent with the President's stated goals and to ensure that those goals are being effectively pursued; and to monitor implementation of the President's economic policy agenda. (Clinton 1993a)

The order also directed that "all executive departments and agencies, whether or not represented on the Council, shall coordinate economic policy through the Council" (Clinton, 1993a).

An assistant to the president for economic affairs (known as the national economic adviser) was also designated to serve the president as his top political and policy adviser on foreign and domestic economic issues and as the director of the NEC, with the president as NEC statutory chair. Under Clinton, the formal organizational components of the NEC were composed of three structural levels: principals committee, deputies committee, and the staff.

Comprising the NEC's formal structures are the principles and deputies committees and support staff. The senior-level NEC Principles Committee (NEC/PC) coordinates and monitors the formulation of domestic and international economic policy. It generally serves the president as the senior interagency forum for the consideration and integration of policy issues importantly affecting the national economy . . . a flexible instrument—a forum for cabinet-level officials to meet to discuss and resolve issues not requiring the President's participation (Clinton

1993a). In addition to the president as chair and the national economic adviser as executive director, statutory membership on the NEC/PC includes the vice-president; domestic policy adviser; national security adviser; science and technology adviser; United States Trade Representative (USTR); director of the Office of Management and Budget (OMB); chair of the Council of Economic Advisers (CEA); administrator of the Environmental Protection Agency; and the secretaries of Treasury, State, Commerce, Labor, Transportation, Agriculture, Energy, and Housing and Urban Development (Clinton, 1993a).

The national economic adviser serves as director of the NEC/PC and chairs its meetings. Overall, the role of the treasury secretary as the chief spokesperson for the administration on all economic issues was reaffirmed, the OMB director remained as head of budget management, and the CEA chair continued as chief of expert economic reporting.

The sublevel NEC Deputies Committee (NEC/DC) is charged with monitoring and reviewing "the work of the NEC interagency process . . . focusing significant attention on policy Implementation." It also serves as "the senior sub-cabinet interagency forum for consideration of policy issues affecting the national economy" (Clinton, 1993b). Members of the NEC/DC include two deputy assistants to the president, who serve as co-chairs of the NEC/DC, and deputies from the agencies in the executive office and appropriate senior officials of deputy or undersecretary rank from the cabinet departments represented on the council. Interagency working groups dealing mainly with regulatory policy, technology, infrastructure and transportation, community development, and banking policy are chaired by the deputies and convened on a daily basis. The largest group is in foreign policy, in which members serve on a joint staff with members of the National Security Council (NSC) staff.

Prevailing Research

Although there is an emerging literature on the NEC, scholars have tended to overlook its political impact in policy coordination and development. I. M. Destler (1996) published one of the first works dealing with the roles of the NEC. In over 30 interviews with members of the NEC and staff working under directors Robert Rubin and Laura Tyson, Destler assesses the effectiveness of the council in brokering competing actors in the policymaking process, in defining problems in a timely and productive manner, and in overseeing the economic bureaucracy (Destler, 1996, p. 61). However, absent in Destler's assessments are empirical observations of policies consequential to the attainment of policy objectives and the theoretical relevance of NEC policy formulation and implementation

Other studies assume a historical approach and focus on the post–Cold War orientation of the NEC, especially its relationship with the NSC and security issues (Ripley & Lindsay, 1997; Scott, 1997). Destler (1998) contends that

although security has lost its automatic primacy in the post–Cold War era, economic policymaking "has not won comparable primacy," which may contribute to an uncertain future for the NEC (p. 106). Auger (1997) points to the placement of the post–Cold War national economic adviser on the Cold War–era NSC, the national security adviser on the NEC, and the merging of NEC and NSC staffs as evidence of how "two levels of interaction were built into the policy-making system." (pp. 55–56).

Describing the NEC in terms of a rational process, some scholars emphasize the formal organizational structures and mechanics of the NEC. Juster and Lazarus (1997) add that the NEC should be reconfigured "to accommodate the substantive issues and decisions that a president and his administration face and the priorities that he chooses to pursue" (p. 21). Warshaw (1997, pp. 197–203) claims that by taking the lead in developing President Clinton's 1993 deficit reduction measure, the NEC/PC eliminated the need for the Domestic Policy Council (DPC) and assumed formal power exceeding those wielded by the OMB. As a result, the formal NEC/PC became considerably more influential than the DPC and OMB in overseeing budgetary policy (Woodward, 1994; Drew, 1995; Stephanopoulos, 1999). Lacking in Warshaw's assessment is the theoretical significance of these events and an emphasis on the informal dynamics of the policymaking process through which budgetary issues pass.

Research on the NEC stresses the general roles of the council, examines its historical relevance as a post–Cold War organization, and emphasizes its formal authority structures in a rational policy process. Absent are studies that engage the theoretical significance of the NEC in policymaking and decision making, assess its creation in response to the merging of foreign and domestic issues, or delve into the informal politics that shape decisions. Thus, partial gaps remain in the policy literature concerning the NEC.

Policy Network Approach and Group Decision-Making Theory

This section details the theoretical inspiration for this endeavor, which comes from the policy network approach in policy studies and group decision-making theory.

The Policy Network Approach

The policy network approach is advantageous for examining the NEC because it recognizes a need to focus on how patterns of formal and informal relationships shape decision making and policymaking as opposed to focusing on how formal organizations determine policy (Edwards, 1980). Rhodes and Marsh (1992) produced a typology in which *policy network* is a generic term covering the many different types of networks that exist from stable, highly integrated policy communities with restricted membership to unstable, loosely integrated

issue networks with large numbers of participants (1992, 182–188). Grant Jordan and Jeremy Richardson argue that the focus of decision making should not be formal authority structures or the technical organizational mechanics of groups but "the more hidden world of relations between government departments and interested pressure groups" operating within and outside of government (in Greenaway, et al., 1992, 57–58).

Policy networks, in part, comprise the informal political dynamics of the NEC, as economic policy actors include both members of specific groups and organized interests in and out of the formal organization. Membership, however, is not the same for all networks, as different types of network are said to possess their own characteristics. Similarly, the influence that various groups can expect to exert will vary according the particular nature of the network. Important to note is that a high value is placed on consensus within the group because its autonomy from influences outside the segment minimizes controversy, protects autonomy, and leads to an ethic of mutual concessions or, as Marin and Mayntz (1992) put it, "antagonistic cooperation" (1991, p. 17). In most policy networks, established rules for formulating policy exist and the process is rather routine. Moreover, policy change tends to be incremental rather than involving radical overhauls (deLeon, 1999; Durant, 1998; Garret, 1993; Matland 1995; O'Toole, 2000).

Group Decision-Making Theory

Group decision-making theory, taken largely from political psychology, also adds to our understanding of economic policy as an intermestic political process, because most policy decisions take place within the small group setting and transcends formal organizations and policy jurisdictions (George, 1980). According to Philip Tetlock and his research partners,

> Most political decisions in the world today are the product of a collective decision-making process. One can make a strong prima facie case that how this group decision-making process unfolds plays a crucial role in determining the fate of governments. (Tetlock, Peterson, McGuire, Chang, & Feld, 1992, p. 403)

When a group or set of individuals makes decisions based on a set of information and advice, variation in group interaction can have a significant impact on policy goals, the domestic political setting, and the global environment. Moscovici and Doise contend, "In the field of decision-making, modest causes have great consequences" (1994, p. 122). An examination of the "black box" of group decision making, especially in the area of intermestic politics, is a daunting task.

The intention here is to stress that the relationship between the political group dynamics of unity and conflict in the NEC is highly complex and multidimensional with respect to intermestic politics. Thus, it is essential that we devote considerable attention to investigating the array of patterns with tendencies that may

unite or tear apart political objectives at the nexus of global and domestic politics (Gladstein, 1984; Moscovici & Doise, 1994). Incidentally, research has shown that members of groups are at times willing to abandon their judgments and deviate from available and credible evidence to avoid differing from what they perceive as group norms (Moscovici, 1985). The likelihood of consensus seeking increases when members enforce norms by suppressing opposing views. In some situations involving specific policy debates, some individuals may likely be kept out of the decision-making process or even expelled from the group for conveying their views (George, 1980).

The idea of economic policy in an intermestic process coordinated by the NEC necessitates a deep analysis of group dynamics. Advisory groups take a variety of forms and perform widely different functions in the policy process. First, like any group, the NEC processes information to assess and determine how to deal with economic policy problems and to manage decision making. In this capacity, it is useful to perceive the NEC as a think tank, since it is influenced by the ways in which formal and informal members arrive at a common representation of issues (Leary & Forsyth, 1987; Moreland & Levine, 1992). A second component deals with the question of control over group decisions: If the group controls policy, who is in control of the group (Barber, 1965; Maoz, 1990)? Formal authority structures designate that members have unequal formal status in the group, and in the absence of powerful institutional constraints, the tendency toward political influence and intervention by informal members becomes prominent (James, 1991). Third, the political environment of economic policymaking subjects decision makers to chronic stressors and overwhelming burdens. Because making economic policy decisions tends to be full of pitfalls and endangering interests involving tragic policy choices among unattractive alternatives, value trade-offs are inevitable in decisions about commerce, trade, and budgets (Janis & Mann, 1977; George, 1980).

There is another interesting dynamic at play because the NEC is a relatively new policymaking group. One pattern that any newly formed group must contend with is "new group syndrome" (Stern & Sundelius, 1994). In newly created groups, such as the NEC, subcultures and factions, standard operating procedures, and norms have yet to fully develop procedural or structural standards that affect their behavior. The political result tends to be uncertainty, apprehension, and trepidation among group members, which works to the advantage of previously established organizations and political institutions. It also produces an environment in which group leaders and other assertive individuals (with high or low levels of policy experience) can direct, influence, or manipulate the group and its initiatives (Tuckman, 1965).

Examining policymakers and decision makers in the group setting is consequential to understanding the dynamic and complex roles of the NEC in coordinating and managing economic policy and the intermestic process (Burnstein & Berbaum, 1983; George, 1980). The key here is whether advisers within groups

will formulate and enforce rules that encourage participation for the collective good or manipulate the process to promote their interests.

Theoretical Elements Explaining NEC Policymaking and Decision Making

Adapted from the policy network approach and decision-making theory, the specific theoretical model that explains the coordination and management of economic policy in the intermestic process consists of two elements that delineate policymaking and decision making in the NEC. Policy dynamism and complexity can be illustrated by applying this model to the presidential administrations of Bill Clinton and George W. Bush, given that the NEC was created in 1993 by Clinton and later expanded and reformed by Bush. Patterns can then be observed by comparing the results of these applications.

The working theoretical model holds that the advocacy coalition framework (Sabatier & Jenkins-Smith, 1993) can be used to explain the creation and executive utilization of the NEC in terms of *policy interests* among decision makers in coalitions and in terms of *political manipulation* designed to increase levels of conflict in the policymaking process to gain and maintain power over economic policy. The intensity of coalition interests and strategic efforts to influence policymaking are elevated by the convergence of international and domestic economic policy issues into an intermestic policy process.

The Political Dynamics of Policy Interests

The policy interests element is based on the notion that NEC economic policymaking can be explained in terms of the diverse interests found within networks and/or represented by political coalitions in a particular policy field or subsystem, which involves relationships among executive policymakers, legislators, private interest groups, policy analysts and independent think tanks (Stone, 1997, chap. 9). Sabatier and Jenkins-Smith's advocacy coalition framework develops significant concepts underlying the importance of policymaker and decision-maker interests.

The advocacy coalition framework (Jenkins-Smith, 1989; Sabatier, 1999; Sabatier & Jenkins-Smith, 1993) is highly useful in understanding the policy importance of interests in the process. An advocacy coalition consists of actors from various coalitions among policymakers and decision makers, pressure groups, and influential political actors in and out of government who seek to manipulate the policymaking process in their favor (Jenkins-Smith, 1989). Coalitions and alliances among these actors form the basis of shared beliefs and values, as actors in groups who share a similar perspective forge strong relationships with one another to promote their interests (Sabatier, 1999). The advocacy coalition framework helps to explain political interests in the NEC because it allows us to

examine coalition formation, which shapes which issues are important for senior executive policymakers (Sato, 1999). The framework enables us to move beyond the assumption that economic policy follows a linear process of problem identification, agenda setting, adoption, implementation, and evaluation (Ellison, 1998).

The value of the framework for understanding the NEC is that it recognizes that competing advocacy coalitions exist within each economic policy domain. This allows us to transcend rigid policy lines delineating international and domestic policy realms to suggest an intermestic process, in which economic policy exists at the intersection of those realms. In such a context, some political coalitions and alliances will exercise greater power in the policymaking process than other coalitions (Ellison, 1998; Sato, 1999). The blurring of traditional policy jurisdictions means that competition and conflict within and between coalitions is likely to intensify. Sabatier and Jenkins-Smith emphasize that public policies will inevitably be shaped by struggles for wins in a discrete subsystem by using political strategies to influence favorable strategies and positions (Sabatier & Jenkins-Smith, 1993).

However, while political actors in advocacy coalitions do not easily relinquish their core values and beliefs, they are open to changes at the margins of policy (Sabatier & Jenkins-Smith, 1993). It is therefore important to distinguish the policy core from subsystem interactions over time. This results in greater attention to changes in subsystem composition and the interaction of related subsystems (Ellison, 1998). In other words, the critical element is that we distinguish nascent (forming) subsystems from mature (existing) subsystems. As a result, three general assertions emerge concerning advocacy coalitions, policy, and learning across coalitions. First, the glue uniting a coalition is agreement over its core policy beliefs. Second, the presence of strong group norms or rules may intensify the core policy attributes and interests of the policy coalition. Third, sometimes only very solid empirical evidence will convince a coalition to change policy-core beliefs.

Sabatier and Jenkins-Smith (1993) contend that the framework also allows for the inclusion of several variables that strengthen discussion of the NEC as an economic policy organization operating in an intermestic process. Not only does the framework emphasize dynamic political parameters, but it also acknowledges changes in governing coalitions resulting from presidential elections and policy influences from other subsystems. In addition, it challenges the assumption that policymakers and decision makers are wholly different from one another. Since coalition actors share a set of core policy beliefs that promote in-group cohesion, the framework assumes that the most important defining characteristic of policymaking is agreement on basic value priorities.

Political interests have driven the NEC since its formal inception in 1993. The idea of creating the NEC bounced around Congress, universities, and think tanks for years before Clinton adopted it as his own. In 1992, both Democrats and Republicans in Congress and their interest group supporters began calling for a

similar council (Ryan, 1992). Senate Republicans, especially Robert Dole of Kansas, called on President George H. W. Bush to create a White House-based organization that coordinated economic policy advice from the Treasury and Commerce Departments and as a sign to Wall Street that he was focusing on economic issues, especially the exploding budget deficit (personal interview with legislative staff members, June 2001). The idea also germinated in New York governor Mario Cuomo's Commission on Trade and Competitiveness (Judis, 1993). In fact, there is an extensive Cuomo-NEC connection: Clinton-era National Economic Advisers Laura Tyson and Robert Rubin were members of the commission; Gene Sperling was a Cuomo aide and only joined the Clinton campaign after it became clear that Cuomo was not running. The commission's recommendation for an "Economic Security Council" was originally designed to emphasize international economic policy—a name that must have had some cache when members of the commission discussed it with Clinton in the spring of 1992 (Juster & Lazarus, 1997).

Around the same time, the bipartisan Commission on Government Renewal sponsored by the Democratic-leaning Carnegie Endowment for International Peace and the Institute for International Economics, was developing a report entitled "Memorandum to The President-Elect." Members of the commission included I. M. Destler, a prominent scholar in economic policy, as well as a number of national security veterans, including: Admiral William Crowe, Frank Carlucci, Morton Halperin, and General Bobby Ray Inman. However, the report reflected the goal of taking the focus off security:

> The combination of Cold War victory and deep economic difficulties allows—and indeed, demands—a shift of priority and resources away from national security as traditionally defined, toward the broader problems of making America competitive in a fiercely competitive world. (Juster & Lazarus, 1997, p. 8)

The report added:

> The Economic Council and its staff would be your instrument for assuring that economic policy gets attention equal to traditional national security, working extremely closely with the NSC and its staff when international economic issues are under consideration, and with the domestic policy Council and its staff on domestic policy matters. (Juster & Lazarus 1997, p. 8)

Republican and Democratic constituencies criticized Clinton's proposed economic council. Herbert Stein, Nixon's CEA chair, described the Economic Security Council as "a dumb idea, which probably won't hurt much. It is dumb to put the focus of economic policy on security" (Francis, 1992). The term *security* implied a protectionist stance toward imports, which could alarm America's trading partners. Harvard Professor Robert Reich, picked to head economic

transition, advised Clinton to change the title to National Economic Council (Juster & Lazarus 1997).

Beryl Sprinkel, a Reagan White House aide, called the idea of giving the NEC the same stature as the NSC troubling, particularly because due to the implications for the treasury secretary (Francis, 1992). Traditionally the Treasury Secretary has been the top economic policy spokesperson. Under Reagan and Bush, the Treasury Secretary chaired the Economic Policy Council. "Are you going to clip the wings of the Secretary of the Treasury?" asked Sprinkel. "I can't believe that would work" (Francis, 1992, p. 8). Diluting the role of the treasury secretary would also make it difficult to attract a top-notch appointment.

Editorials also questioned Clinton's plan. In *The Christian Science Monitor*, Democrat David Newsome (1992) claimed the idea needed more study:

> The president-elect appears to envision a counterpart to the National Security Council (NSC) structure, presumably involving an assistant to the president for economic security affairs and a staff. If that is what the new administration has in mind, it runs serious risks of complicating the policymaking machinery. Such a plan would establish a bureaucratic unit interposed between major cabinet officers, such as the secretaries of treasury and commerce, and the president. The president would risk being isolated from officials whom foreign representatives regard as responsible for major policy advice. (p. 6)

That is exactly what President-elect Clinton had in mind and it was up to his economic team to devise a mechanism that would work well and avoid the pitfalls highlighted by the NEC's critics.

The early candidate to head the much-maligned NEC was Robert Reich, who represented organized labor in the Democratic Party. However, Reich believed the council's jurisdiction would overlap with key agencies and departments in the bureaucracy, especially the Department of Labor. After Reich opted to serve as Secretary of Labor, a higher profile post in which he would be freer to advocate policy rather than coordinate the policymaking process on the inside, Clinton switched gears dramatically by turning to Goldman Sachs Street financier Robert Rubin as his first National Economic Adviser (Drew, 1995). Rubin took the job only after Clinton assured him that the NEC's role would be taken seriously and that the interests of Wall Street would be reflected in administration policy (Starobin, 1994, p. 879).

Clinton believed Rubin's managerial experience at the Wall Street firm Goldman Sachs and knowledge of finance and communications enabled him to serve as an effective broker on important intermestic issues (Starobin, Barnes, Kosterlitz, Kriz, & Victor, 1992, p. 2893). "Clinton wanted someone who knew Wall Street and the bond market close to him in the White House" (Woodward, 1994, p. 62). Besides, Rubin shared Clinton's vision of economics as high policy. His appointment "reflects both Clinton's stated policy priorities—his promise to

focus like a laser beam on the economy—and a historical reality—that with the end of the cold war, America's difficult challenges lie in the economic realm" (Starobin et al., 1992, p. 2893).

Rubin's NEC would have to be mindful of its relationship with the Treasury Department, a political institution with firmly established political constituencies in the policymaking process, especially on issues of trade and finance. As a newcomer, with no statutory status, no budget of its own, and a small staff, the NEC had no "institutional clout" (personal interview with senior Clinton administration official, August 2001). The challenge was building "a powerful but nonthreatening position in the hierarchy of Cabinet officials, competing councils and agencies" (Belton, 1993, p. 6). The NEC had to be powerful enough to enforce policy coordination without stepping on toes.

At the beginning of his first term, Clinton named Senator Lloyd Bentsen (D-TX) as Secretary of the Treasury. However, what many believed would be a political rivalry quickly became a strong and effective coalition, because Clinton named Bentsen as the administration's spokesperson on the economy, and Rubin reassured him that his views would be represented to the president. Bentsen, who was chair of the Senate Finance Committee, had political smarts to burn, and Rubin, who ran Goldman Sachs, knew market psychology and international finance cold. As a team, Bentsen and Rubin worked very well and when Rubin eventually took over as Treasury Secretary in January 1995, Clinton had a twofer because Rubin's political acumen turned out to rival even Bentsen's (Dolan, 2001; Drew, 1995; Woodward, 1994).

The task of integrating a broad range of policy preferences from groups with a variety of bureaucratic, constituency, and political agendas remained difficult. With over sixteen cabinet members belonging to the NEC and the breadth of its mission, it could prove to be too unwieldy to efficiently manage economic issues. Rubin's deputy W. Bowman Cutter referred to this as "drinking water from a fire hose" (Mufson, 1993, p. 6). Yet Rubin considered this process important:

> All issues have cross-agency ramifications, so you have to have some mechanism for getting the views of the different agencies, or you wind up with the President making a decision based on the perspective of one agency and not knowing what other agencies might think about it. . . . You have to make sure that you are dealing with the President- and with everybody else in the economic team and in the Administration—in a totally neutral way . . . that you express the pluses and minuses, and then totally separate that from the expression of your opinion. (Ifill, 1993, p. 22)

Although Clinton (on the advice of the First Lady) considered the possibility of the NEC serving as a "economic think tank," this advice was considered impossible and unwise because it would only serve to create another, competing agency and would duplicate the role of the Council of Economic Advisors. The

NEC would only be effective if it concentrated on vetting the policy proposals in a system where "almost 30 agencies involved in economics rely largely upon ad hoc coordination of their overseas policies, [with the] initiative coming more from subordinate than top layers of government" (Ryan, 1992). The intent was that the NEC would serve as forum in which the economic policy bureaucracies could integrate disparate views into coherent policies.

How could Rubin establish a strong role for himself and the NEC in the economic policymaking process without stepping on some toes? Rubin picked his positions strategically and functioned at times as a policy advocate and at other times as a broker (personal interview with Clinton administration official, August 2001). However, Rubin was in a tenuous position. On the one hand, he believed in order to promote economic policy Clinton had to pay close attention to how Wall Street and corporate managers reacted to his policies and the administration's handling of free and open trade measures (Judis, 1997). On the other hand, he saw, as did many others, that Clinton's populist campaign rhetoric, which called for additional public spending, spooked both Washington and Wall Street (Starobin, 1992, pp. 2878–2879).

In order to advance his interests, Rubin was able to garner support from Bentsen, who on the budget deficit and other issues would serve primarily as the administration's political salesperson (Drew, 1995, p. 25; Woodward, 1994, 60–63). In his six years as Chair of the Senate Finance Committee, Bentsen built a solid reputation as a "hawk" on reducing Republican deficits and supporting free and open trade with Mexico. According to one official, Bentsen supplied Clinton with "economic, political, and congressional advice" and was able to "look him in the eye as a political peer and say, 'I know what this means politically'" (quoted in Drew, 1995, p. 63). Bentsen could also stand up to unruly groups within the Democratic Party seeking to press Clinton to protect Democratic interests on such issues as the North American Free Trade Agreement (NAFTA) and U.S. economic policy to Japan (Stokes, 1993a, p. 618). Siding with Rubin and Bentsen were Leon Panetta, OMB director-designate and former U.S. representative (D-Ca), who was given a spot in the NEC/PC, and Dr. Alice Rivlin, deputy budget director-designate, former Congressional Budget Office director, and Radcliff economics professor, who was supplied a position on the NEC/Deputies Committee.

Rubin's coalition believed that Clinton had to be mindful of the domestic-international nexus on the budget deficit. Their position was that Clinton's policies should drastically reduce the deficit and complement such efforts with free trade initiatives agreeable to Wall Street, which was slowly embracing Clinton's policies (Drew, 1995, pp. 26–27; Starobin et al., 1992, p. 2893; Stephanopoulos, 1999, p. 346). In doing so, they acknowledged an important element in the context of post–Cold War policymaking: that economic issues are no longer purely domestic or purely international scope.

Although they supported Clinton's NEC arrangement, those working against Rubin, Bentsen, Panetta, and Rivlin were the largely liberal coalition of Robert Reich, labor secretary-designate; Laura Tyson, CEA chair-designate; Gene

Sperling, deputy NEC director for domestic economic policy; and Mickey Kantor, USTR designate. The stage was set for major battles and schisms within Clinton's economic team. According to White House Communications Director-designate George Stephanopoulos,

> Our economic team was split into two battling camps: National Economic Council Director Bob Rubin, Treasury Secretary Lloyd Bentsen, and Budget Director Leon Panetta were the deficit hawks, with Gore on their side. . . . Liberal Labor Secretary Bob Reich led the charge for new investments, assisted by Gene Sperling, Tyson, and me. (Stephanopoulos, 1999, p. 135)

Rubin was also able to build other coalitions amenable to promoting their interests within the administration. On the issue of NAFTA, sharp divisions emerged over the agreement, especially on Clinton's labor and environmental side agreements. To gain the upper hand, Rubin built a coalition that consisted of Bentsen, Vice-President Al Gore, and Secretary of State Warren Christopher, who favored making concessions to private business groups to gain legislative support (personal interview with senior Clinton administrative official, June 2001). Opposing them on the NEC were Reich, Kantor, and EPA Administrator Carol Browner, who believed NAFTA should hinge on the ability of the United States to obtain guarantees from Mexico that labor and environmental standards would not be broken (Judis, 1993). An indication of the outcome of intergroup conflicts was revealed by a former Bush Administration official who observed, "There is no question that the USTR's role in the trade function of the U.S. government has been considerably diminished. . . . However, when push comes to shove, people call Rubin and the NEC. They don't call Kantor" (quoted in Stokes, 1993b, p. 2072).

Rubin's coalition-building efforts also extended to other issues, namely the Mexican Peso Crisis of 1995. After the crisis hit, Rubin turned his attention toward building alliances with key committees and winning over individual legislators to support the president's $40 billion package of loans and credits to the Mexican government. Rubin even worked with new Chief of Staff Leon Panetta and Vice-President Gore in scheduling meetings throughout January at the White House with wavering Republicans and Democrats (Devroy & Merida, 1995, p. A5). It appeared Rubin's plan was working. A congressional aide stated, "For all the talk of gridlock and posturing, these were member and leaders of Congress and the administration sitting down and discussing how to get this thing done in a cooperative way." Thomas Trebat of Chemical Bank held, "With Rubin, there is definitely a floor that wouldn't be there with Bentsen" (quoted in Chandler & Hamilton, 1995, pp. D1 and D7).

Rubin's successors used the NEC to build coalitions as a means of advocating their policy interests. For example, immediately after assuming the position of national economic adviser, Laura Tyson actively oversaw and managed the president's political objectives regarding U.S.-Chinese relations, which involved an array of competing policy issues. These included U.S. allegations of Chinese

piracy of Western intellectual property, the U.S policy of re-extending most-favored-nation status (MFN) to China on an annual basis, Taiwan's tenuous political status, the U.S.-Japan security alliance, and the role of human rights in balancing economic and security issues. Tyson immediately built an alliance with USTR Kantor and Deputy USTR Charlene Barshefsky, who viewed China as a rival that must be dealt with on a much less conciliatory level (Kirschten, 1995; Lippman, 1996, p. A25). Reflecting the interests of big business, Treasury Secretary Rubin, National Security Adviser Lake and his deputy Sandy Berger, Secretary of State Warren Christopher, and Commerce Secretary Ron Brown argued that Tyson had to influence the president to unconditionally support the re-extension of MFN to China, pursue a policy of noninterference in China's dispute with Taiwan, and abandon the use of economic sanctions in response to piracy allegations. However, Tyson's efforts failed, as Rubin, Lake, and Christopher kept Tyson from "exercising any serious influence" (personal interview with Clinton administration official, June 2001).

Sperling, Tyson's successor, had more success in building winning coalitions on the issue of U.S.-Chinese relations. One of Sperling's key attributes on the specific issues of China's accession to the World Trade Organization (WTO) and the granting of U.S. permanent normal trade status to China was his acknowledgment that President Clinton's support for permanent normal trade relations (PNTR) was politically risky for Democratic interests groups (Mufson & Kaiser, 1999, p. A35). Since NAFTA, Clinton had been relatively successful in making the Democratic Party more supportive of free trade and, therefore, closer with big business at the expense of labor. To overcome congressional opposition and defeat constituencies within his party, Sperling assembled an ad hoc coalition on China policy, even creating a special "China Working Room" in the White House to coordinate the effort and muster support. Among Sperling's closest allies were Deputy White House Chief of Staff Steve Ricchetti and Commerce Secretary William Daley; Secretary of State Madeline Albright; National Security Adviser Sandy Berger; Rubin's successor, Treasury Secretary Lawrence Summers; and Agriculture Secretary Dan Glickman (Babington & Vita, 2000, p. A18). The coalition was especially successful in its public and legislative efforts because it worked night and day with key congressional committees and with business groups to support Clinton's China policy. However, the coalition's long-term efforts may have compromised labor union and environmental group support for Vice-President Al Gore's 2000 campaign, as some of these interests opted for Ralph Nader's Green Party in protest of the Democratic Party's connections with business (Mufson & Kaiser, 1999, p. A35).

The effectiveness of the NEC under President George W. Bush in coordinating economic policy issues would largely be determined by the national economic adviser's relationship with the treasury secretary and the National Security Council. During the 2000–2001 transition, President Bush selected Lawrence Lindsey as his first national economic adviser. Not only was Lindsey a close friend of the Bush family, but he served as Bush's top economic adviser during the cam-

paign. Even more, Lindsey brought years of political experience to the NEC, having served on the Board of Governors of the Federal Reserve System, at Harvard as an economics professor, and as a staff member on President Reagan's Council of Economic Advisers (Thomas & Naughton 2001, pp. 19–22).

Contrary to those who believed Bush would pursue a consensus position in economic policy, Lindsey bought to the Bush economic team a no-nonsense appreciation of tax cuts, free trade, and deregulation (Delves, 2000, p. 29). His years at the Federal Reserve enabled him to build strong coalitions with Dr. Alan Greenspan, with senior Federal Reserve staff, and with key congressional committees (Kirchhoff 2001, A16). Bush and his top political strategists, namely Senior Adviser Karl Rove, Counselor to the President Karen Hughes, and White House Chief of Staff Andrew Card believed Lindsey would counterbalance newly appointed Treasury Secretary Paul O'Neill, former head of Alcoa a leading $21 billion corporation operating in 40 countries that produces aluminum products used in a number of industrial and consumer applications. O'Neill's appointment was strange, given that he was not close with the Bush family nor was he involved in Bush's 2000 campaign. O'Neill was also seen by many as an industrialist with relatively no Washington political experience or Wall Street savvy (Thomas & Naughton, 2001). One observer claimed O'Neill's appointment "leaves Bush's Treasury Department lacking a senior figure with strong financial market and political connections" (Fidler, 2000, p. 8).

Bush's goal was to replicate the success of Clinton's initial economic team, led primarily by Robert Rubin and Lloyd Bentsen. The difference for Bush was that he thought he had the attributes of Rubin and Bentsen in Lindsey. One Bush aide even stated:

> Lindsey is a clone of Rubin and Bentsen . . . someone who combines political savvy with deep understanding of how markets work. We owe Larry Lindsey a lot, since he is a fabulous economist and possesses the political smarts and intuitive feel for the issues. (Kramer, 2000, p. 4).

Bush also enacted major structural changes in the NEC organization, especially in its relationship with the NSC. Instead of incorporating economics within the NSC, which would be headed by political scientist and former Stanford University Provost Dr. Condoleeza Rice, Bush ordered the two agencies to enhance their level of cooperation in overseeing the role of economic issues and their relationship with security issues in U.S. foreign policy. In particular, Bush designated Lindsey and Rice, to "share a foreign policy desk" in order to integrate economics with security issues and to keep a close eye on the bureaucracy. For Bush, the move would

> make sure the economic people don't run off with foreign policy and vice versa because globalization has altered the dynamics in the White House, as well as between the White House and the Treasury. We have to respond to that. (Sanger, 2001, p. A10)

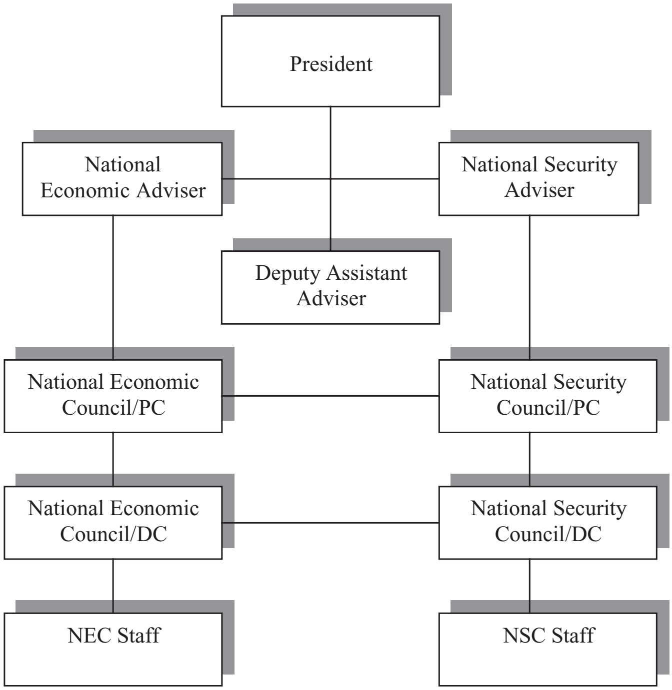

Figure 1. The Bush NEC/NSC Intermestic Approach.

This reorganization of economic diplomacy follows from Bush's attempt to make economics and security even more central to decision making and to prevent Lindsey from serving mainly in an advisory role with little responsibility for coordinating and managing the greater policymaking process (see Figure 1 for an illustration of Bush's joint NEC/NSC arrangement).

To avoid many of the bureaucratic turf wars that occurred between the NEC and NSC, especially on the issue of trade relations with China, Bush enlarged the joint NEC/NSC staff, adding more international and domestic economics experts and cutting the number of security officials to reduce NSC dominance. According to Rice, although the joint staff would be "physically located within the NSC structure," it would report to her and Lindsey through a newly created deputy assistant international economic policy adviser (Sanger, 2001). Rice and Lindsey were made equally responsible for the new position and the joint staff, which would deal with two issue clusters: free trade and tariffs and finance.

In addition, Bush added Treasury Secretary O'Neill to the NSC Principals Committee and opted to keep the national economic adviser on that same committee with the goal of fully integrating the Treasury Department into the NSC system. A treasury official acts as the chair of the international finance policy coordinating committee, one of 17 such standing committees established by the new

administration. In a further effort to integrate economics into NSC thinking, each of the six regional departments of the NSC were ordered to appoint an economist reporting to the regional directors and to the senior director for international economics. According to Press Secretary Ari Fleischer, the structural re-organization is "a recognition of the fact that international economic policy now has defense implications and domestic economic implications" (Fidler & Wolffe, 2001, p. 9).

The September 11 terrorist attacks weakened Lindsey's ability to build successful advocacy coalitions, as the economy slipped deeper into recession and as the president became more focused on the war on terrorism and homeland security. Although America was unified in support of Bush's war on terrorism, divisions emerged on how to respond to the economic impact of September 11. Democrats and Republicans questioned whether it was the tax cut or September 11 that sent the economy into a tailspin. With bipartisanship on the wane, Lindsey and the NEC were confronted with the daunting task of petitioning Congress for an additional multibillion-dollar tax cut measure and a financial rescue of the airline industry, which was badly hit by the terrorist attacks. For example, Lindsey's inability to adequately shape an effective economic stimulus destroyed several key policy issues, especially Bush's desire for a new national energy policy. Bush's goal of expanded oil drilling in Alaska died when environmental groups launched a successful and aggressive campaign to sever the nexus between drilling in Alaska and September 11.

The corporate accounting scandals of 2001 and 2002 also threatened to undermine Bush's policy goals. As the number of corporations under investigation increased, top administration officials, unfortunately, persuaded the president to distance himself from the issue, since these were key Republican interests. O'Neill cautioned the president against any new government program that would enact new regulations on corporate auditing and consulting. Lindsey and the NEC staff advised the president to avoid making public statements or holding press conferences on the issue, for fear that it would anger business groups. The policy of silence made matters worse. Following the arrest of Adelphia Communications founder John Rigas in July 2002 on federal charges that he and his sons defranded investors by using the corporation as their "personal piggy bank," the Justice Department announced a joint investigation with the Securities and Exchange Commission of Bush's tenure as head of Harken Inc. and Vice-President Cheney's term as CEO of Haliburton, two Texas energy firms. Meanwhile, Wall Street confidence collapsed as the Dow Jones Industrial Average posted record losses sending fears in some economic circles of a protracted "double-dip" recession (Fineman & Isikoff, 2002).

Political Manipulation

Research and theory suggests that political actors can actively pursue a number of different political strategies to gain and enhance their influence within coalitions to ensure that policy outcomes are reflective of their personal and polit-

ical interests (Berman, 1982; Garrison, 1999; Vertzberger, 1990). Hoyt and Garrison (1997) categorize three broad patterns of political manipulation. First, they argue that political actors can manipulate the structure of groups and alter their makeup. Altering group membership involves what Halperin calls "reducing the circle" to include only those with similar viewpoints and eliminating opposition, or "widening the circle" to fragment the influence of competitors (Halperin, 1974, pp. 124–127). Second, political actors can manipulate procedures associated with policymaking, that is, to exploit group decision rules to increase the relative strength of a favored position (Maoz, 1990). This includes defining and redefining the sequence of policy options (agenda setting) and framing and reframing how issues are presented to group members. Third, political actors can exploit relationships by engaging in interpersonal manipulation. This includes using threats to pressure others into making decisions or forcing them into certain coalitions (Hoyt and Garrison, 1997).

Overt forms of political manipulation can produce open conflict within groups. A potentially crippling pattern of conflict-driven behavior is nay-saying, in which group discussions and negotiations display an extreme type of pessimism that can harm group decision making to the point where making effective decisions becomes impossible (Vertzberger, 1990). Battles are waged over major substantive issues, as well as over minor and mundane details of policies and procedures. In such an extremely contentious political environment, leaders or top advisers may lack the ability to move the process forward. Nay-saying in group decision making is a political resultant of ineffective, discredited, or passive group leadership marked by extreme ideological, personal, or factional dissimilarities.

To overcome such policy gridlock, advisory group leaders, in this case the national economic adviser, can exercise influence by establishing informal structural arrangements to advance political needs and policy objectives (Preston, 1997). Pyramidal or centralized arrangements usually position buffers between leaders and advisers with competing interests. Spokes-of-the-wheel or competing arrangements place the leader at the hub of a wheel and others at the rim. Such configurations may dilute group conflict to the point where the leader has direct access to the president (George, 1980).

One can observe many instances of political manipulation among NEC members in the policy process. For example, Rubin and his staff pursued a course to expand the power base of his pro-NAFTA coalition to win over uncommitted congresspersons and a skeptical public. Although Rubin was clearly sympathetic to business groups, there was not enough initial support among congressional Democrats. To jumpstart the process, Rubin enacted three major changes. First, he widened the decision-making circle at the NEC/PC to include Agriculture Secretary Mike Espy and EPA Administrator Carole Browner and shifted some of the burden for coordination and management to the NEC/Deputies Committee. Second, he persuaded the president to name Chicago politico William Daley "special counselor to the president for NAFTA" as an attempt to reach out to the

labor unions and liberal Democrats in Congress. According to House Foreign Affairs Committee Chair Lee Hamilton (D-Indiana), "with Daley on board, there has been an improvement" in the White House's handling of the issue (Cohen, 1993, p. 2259). Third, Rubin convinced the president to assume a more active leadership role by emphasizing NAFTA's global implications and U.S. national security goals (personal interview with Clinton administration official, August 2001). Although NAFTA never attained overwhelming legislative and public support, Congress eventually passed the measure in November 1993 largely as a result of Rubin's tactics.

A case in which Rubin was outmaneuvered by other NEC members was U.S. policy to Japan. Following NAFTA, Tyson, Kantor, and others were determined to "get tough" with Japan for its past use so-called managed trade tactics against U.S. products (personal interview with senior Clinton administration official). They also favored balancing the White House's support for free trade with a series of measures that would be acceptable to labor unions and environmentalists in the Democratic Party. Pushing the president to distance himself from NAFTA were USTR Kantor and CEA Chair Tyson, who suggested Clinton enact "results-oriented" trade policy measures, including import quotas and sanctions against Japanese goods and businesses operating in the United States (Stokes, 1994, p. 286).

One major problem remained. From the beginning, Kantor and Tyson were poised to dominate America's Japan policy. These advisers, who held powerful positions on the NEC/PC, had embraced economic confrontation and conflict with the Japanese government in the hope that sustained and prolonged pressure would produce substantive alterations in what they perceived as Japanese trade protectionism. Deputy USTR Barshefsky maintained:

> The political climate between the United States and Japan will be determined by economics. If the economics aren't right, the political climate isn't going to be right. To the extent that the Japanese are concerned about the political climate, they have it in their power, to ensure that the political climate is positive. (Stokes, 1994, p. 286)

Over the objections of the State Department, Rubin took a back seat to those favoring a get-tough trade policy toward Japan (Marcus & Behr, 1994, p. A16). Clinton even dispatched Tyson and Kantor to Tokyo on July 4, 1993 in the hope that Japan would commit itself to specific targets for reducing its $50 billion surplus with the United States (Blustein, 1993, p. A1). To back up the tough talk, Tyson sought congressional support for the Fair Trade in Financial Services Act of 1993, which would slap sanctions on governments that discriminate against foreign private lending institutions. It was clear that by the end of 1994, Tyson, Kantor, and Barshefsky were manipulating the process to the point where U.S. policy toward Japan was based on their embrace of get-tough measures.

One of the most striking cases of political manipulation was Rubin's ability to literally assume control of the president's financial package toward the Mexican Peso Crisis. After it appeared that the $40 billion measure would fail, Rubin convinced the president decided that the peso crisis was far too great a threat to U.S. policy interests. On Tuesday, January 31, 1995, with the president's support, Rubin transferred $20 billion in funds from Treasury's Exchange Stabilization Fund (ESF) and extended it in the form of loan guarantees to the Bank of Mexico (Chandler, 1995, p. A1). In addition, the IMF contributed $17.8 billion to Mexico, and the Bank of International Settlements transferred another $10 billion in short-term assistance (Zimmerman & Conger, 1995, p. 38). Clinton and Rubin's dominance of the process stands as one of the most dramatic examples of political manipulation in the area of economic policy.

Under Bush, Lindsey used manipulative strategies to protect his power over several economic policy areas. Immediately after the inauguration, Lindsey quickly centralized power in his office and with the NEC staff, weakening the NEC Principals and Deputies Committees. Lindsey made sure he was Bush's "go to" person on all economic issues, with O'Neill playing mainly a public role. For example, Lindsey was the sole author of Bush's $1.6 trillion tax cut and worked closely with political advisers Rove and Hughes, bypassing at times the NEC/PC, in directing the congressional effort to pass the tax cut in May 2001 (Tait, 2001, p. 9). Lindsey was also instrumental in persuading Bush to stress the importance of the tax cut as a means of alleviating the nation's recession, which by early 2001 was apparent.

Lindsey's relations with USTR Robert Zoellick, Rove, and Hughes enabled him, for example, to unilaterally redirect trade policy, especially with Japan. In an interview with the *Financial Times of London*, over the objections of O'Neill and Commerce Secretary Donald Evans, Lindsey said he backed the idea of a deal with Tokyo that would widen the U.S.-Japan trading relationship to lessen years of tension in U.S.-Japan economic relations (Baker & Wolffe, 2001, p. 12). According to Lindsey, "I have met with Japanese officials before I came into the government and also after and I firmly believe that quiet frank conversations are the best way to communicate as opposed to the public haranguing that some would like" (Kirchhoff, 2001, p. A16).

Beyond trade, Lindsey and his allies directed U.S. policy toward Mexico, especially on the highly intermestic issues of immigration and illegal drugs. In fact, Lindsey and Rove encouraged Bush to take his first foreign trip as president to Mexico to meet with President Vicente Fox. Lindsey and Rove even encouraged Bush to embrace an open-borders policy that would allow U.S. and Mexican workers to move freely across the U.S.-Mexico border (Schmitt, 2001, p. 10). Also, in a move designed to expand the Republican Party's base to Democratic Latinos, Lindsey influenced Bush to experiment with a general amnesty for the over 3 million Mexican citizens working illegally in the United States (Goyov, 2001, p. A1).

Concentrating power in Lindsey's hands and staff and the further centralization of the process also produced badly formulated policies. Because Lindsey relied mainly on his staff and showed a strong inclination to propose certain policies instead of brokering competing policy positions among NEC principals, he tended to present just one perspective to the president. When financial crises emerged in Latin America in late 2001, especially in Argentina, Brazil, and Uruguay, Bush listened to Lindsey, who proposed that he not respond with a financial package to restore investor confidence, a policy the national economic adviser said was too often practiced by the Clinton administration.

Lindsey's dominance of the policymaking process ultimately led to his demise. As the economy slumped into 2003, Bush reshuffled his economic team in response to criticism that Lindsey's unbending belief in free market principles and devotion to tax cuts as the universal cure had limited Bush's policy options. As for Paul O'Neill, his leadership as treasury secretary was anything but astute. Lacking the appropriate experience and knowledge to even serve as treasury secretary, O'Neill proved incapable of sending the kind of signals to Wall Street investors that might have reassured markets at crucial moments. In late December 2002, Bush replaced Lindsey with former Goldman Sachs Co-Chair Stephen Friedman as his second national economic adviser and named John Snow, chair of railway conglomerate CSX Corp., to replace Paul O'Neill as treasury secretary.

Conclusions

The previous observations lead me to make three tentative conclusions concerning economic policy and the intermestic policymaking process. First, the theoretical model using the advocacy coalition framework revolving around policy interests and political manipulation is highly applicable to understanding of how economic policy, intermestic policymaking and decision making, and the NEC interact to create and influence economic policy outcomes. During the tenures of Robert Rubin, Laura Tyson, Gene Sperling, and Lawrence Lindsey, these policymakers used the NEC as a political instrument to maximize their power, to enhance their opportunities for economic policy action, and to overcome policy constraints by engaging in various forms of political manipulation. The model's application to economic policy and economic policymakers and decision makers suggests that it has applications in other policy areas, such as domestic policy, homeland security, and national security policy.

The strength of the advocacy coalition framework is that it allows us to reject the simple proposition that domestic political pressures have little impact on economic policy decisions. Although the NEC provides an economic policy forum, it is not a closed system. NEC policymakers are Janus-like creatures; while one head is turned toward making and participating in policy coalitions based on its interest, the other is firmly fixed on manipulating the policy process. Important to

note is that it is not always the case that what happens in one arena will not occur in the other. However, there were occasions when events in these two worlds interacted with synergistic consequences for economic policy in the intermestic process. NAFTA and the Mexican Peso Crisis under Rubin illustrated these interactive processes with varying degrees of salience. However, the primary reason why policy interest coalitions and manipulation have such an impact on economic policy decisions is that policymakers and decision makers operate in an intermestic policy process, in which events are structured by their interests and their own politically manipulative calculations of the risks associated with any course of action.

Second, the NEC has produced a White House—centered policymaking arrangement that has strengthened the power of policymakers in managing and coordinating the intermestic process. With the NEC, executive policymakers have the ability to reach out to form coalitions with agencies in the bureaucracy, Congress, interest groups, and political forces in the global environment. The NEC has provided policymakers with a political forum to advance and strengthen economic policy objectives. However, in the cases analyzed here, policymakers even used the NEC framework as a way of manipulating the intermestic policy process to maximize their influence and power over economic policy.

Third, as our analysis demonstrated, the NEC does not work in the same fashion at all times. Interesting patterns exist concerning the utilization of the NEC by Clinton and Bush. Under Clinton, the NEC/PC served as the primary medium though which the national economic adviser would broker the policymaking process with varying degrees of success and effectiveness. Interestingly, with Lindsey, the national economic adviser has evolved into a powerful economic policy advocate.

The coordination and management of economic policy issues cannot be adequately understood without integrating the rise of the NEC and the intermestic policy process through which economic policy is made. Although not the only factor in policy outcomes, the policymaking process allows for coalition formation around policy interests and for policymakers and decision makers to manipulate rules and norms, the policy agenda, other interested political actors, and the implementation of economic policy. Public policy scholars must recognize that ignoring the prominence of the NEC and intermestic issues renders any explanation of economic policy incomplete.

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Note

An earlier version of this article was presented at the 2002 Annual Meeting of the Southern Political Science Association in Savannah, Georgia.

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